

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6553

BILL NUMBER: HB 1189

NOTE PREPARED: Dec 10, 2002

BILL AMENDED:

SUBJECT: Unemployment Benefits.

FIRST AUTHOR: Rep. Stilwell

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill increases the unemployment compensation maximum wage credits.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The current earnings base used for the computation of weekly benefits is \$7,900 per quarter for a maximum weekly benefit of \$336 for FY 2003. The bill increases the earnings base.

	Current	FY 2004	FY 2005	FY 2006
Max Wage Credits	\$7,900	\$8,433	\$8,966	\$9,500
Max Weekly Benefit	\$336	\$357	\$379	\$400
\$ Increase Over Current		\$21	\$43	\$64
% Increase Over FY 2003		6.35%	12.69%	19.05%

This provision will impact the amount of benefits available to an individual from the Unemployment Benefit Trust Fund. Based on the amount paid in unemployment benefits in FY 2001, this bill would increase expenditures from the Unemployment Benefit Trust Fund by approximately \$29.1 M in FY 2004, \$58.2 M for FY 2005, and \$87.4 M for FY 2006 .

Note: The Unemployment Benefit Trust Fund is funded by quarterly contributions made by employers. The amount of each employer's contribution is based on the employer's individual unemployment account history and the past year's statewide unemployment rate. Other factors, including benefits paid to former employees, voluntary payments made, and the partial selling and purchasing of other businesses by the employer also impact each employer's rate. The potential impact of the provisions of this bill will change as the state's economy changes. For example, if the state's unemployment rate increases, the amount of unemployment benefits paid from the Fund will increase and an employer's contribution rate to the Fund will change.

The state of Indiana is self-insured for unemployment benefits and pays claims as they occur. Each agency is responsible for paying its unemployment claims. For FY 2001 the state paid \$1.7 M in benefits: \$913,794 from the General Fund and \$810,984 from dedicated funds. The maximum impact to state agencies is provided in the following table.

FY	General Fund Impact	Dedicated Fund Impact	Total State Impact
2004	\$58,000	\$51,500	\$109,500
2005	\$116,000	\$102,900	\$218,900
2006	\$174,100	\$154,500	\$328,600

Explanation of State Revenues:

Explanation of Local Expenditures: Local governments and school corporations could incur an increase in expenses as a result of these proposals (see *Explanation of State Expenditures*). Like the state, most of these units are self-insured and would directly bear any additional costs.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development; All State Agencies.

Local Agencies Affected: All Local Units of Government.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825